



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Montana State Office

5001 Southgate Drive

P.O. Box 36800

Billings, Montana 59107-6800

<http://www.mt.blm.gov/>

MTM 91420

## Notice of Competitive Lease Sale Oil and Gas

**January 28, 2002**

The Montana State Office is holding a competitive oral sale of Federal lands in the States of Montana and North Dakota for oil and gas leasing. We are enclosing a list that includes the parcel numbers, legal land descriptions and corresponding stipulations. The list is also available on the Internet at: <http://www.mt.blm.gov/oilgas>.

### **When and where will the sale take place?**

**When:** The competitive sale begins at 9:00 a.m. on Monday, January 28, 2002. The sale room opens at 8:00 a.m. for registration and assignment of bidder numbers.

**Where:** We will hold the sale at the Bureau of Land Management, Montana State Office, 5001 Southgate Drive, Billings, Montana. Parking is available.

**Access:** The sale room is accessible to persons with disabilities. If you need a sign language interpreter or materials in an alternate format, please tell us no later than one week before the sale. You may contact Joan Seibert at (406) 896-5093 or Elaine Kaufman at (406) 896-5108.

### **How do I register as a bidder?**

Before the sale starts, you must complete a bidder registration form to obtain a bidding number. The forms are available at the registration desk.

### **What is the sale process?**

Starting at 9:00 a.m. on the day of the sale:

- the auctioneer offers the parcels in the order they are shown on the attached list;
- registered bidders make oral bids on a per-acre basis for all acres in a parcel;
- the winning bid is the highest oral bid equal to or exceeding the minimum \$2.00 bid;
- the decision of the auctioneer is final; and
- names of high bidders (lessees) remain confidential until the results list is available.

If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.48 acres requires a minimum bid of \$202 (101 acres x \$2).

If the United States owns less than 100 percent of the oil and gas rights in a parcel, we will issue the lease for the percentage of interest the United States owns. You must calculate your bid and advance rental payment on the gross acreage in the parcel. For example, if the U.S. owns 50 percent of the oil and gas in a 100.48 acre parcel, the minimum bid is \$202 (101 acres x \$2) and the advance rental due is \$151.50 (101 acres x \$1.50).

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw parcels or cancel a sale, we will post a notice in the Montana State Public Records and Information Center and announce the withdrawn parcels at the sale.
- **Lease terms:** Leases issue for a primary term of 10 years. They continue beyond the primary term as long as the lease is producing in paying quantities or receiving production from another source. Rental is \$1.50 per acre for the first 5 years (\$2 per acre after that) until production begins. Once a lease is producing, we charge a royalty of 12.5 percent on the production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11, June 1988 or later edition).
- **Stipulations:** Some parcels are subject to surface use restrictions or conditions affecting how you conduct operations on the lands. The stipulations become part of the lease and replace any inconsistent provisions of the lease form.
- **Bid form:** On the day of the sale, successful bidders must submit a properly completed lease bid form (Form 3000-2, October 1989 or later edition) along with their payment. The bid form is a legally binding offer to accept a lease and all its terms and conditions. When the prospective lessee or an authorized representative signs the bid form, they certify the lessee meets the conditions of 43 CFR 3102.5-2 and complies with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of bidders, and collusion among bidders. You cannot withdraw your bid.
- **Payment:**
  - **minimum due by 4:00 p.m. on day of sale:**
    - Bonus bid deposit of \$2.00 per acre or fraction thereof;
    - First year's rent of \$1.50 per acre or fraction thereof except for future interest parcels; and
    - \$75 nonrefundable administrative fee
  - **remaining balance due by 4:00 p.m. on February 11, 2002.**
    - If you don't pay in full by this date, you lose the right to the lease and all the money you paid the day of the sale. We may offer the parcel in a future sale.
- **Method of payment:** You can pay by:
  - personal check;
  - certified check;
  - money order; or
  - credit card (Visa, Mastercard, American Express or Discover).

Make checks payable to: **Department of the Interior-BLM.** We do not accept cash. If you previously paid us with a check backed by insufficient funds, we will require a guaranteed payment, such as a certified check.

- **Lease issuance:** After we receive the bid forms and all monies due, we can issue the lease. The lease effective date is the first day of the month following the month we sign it. We can make the lease effective the first day of the month in which we sign it, if you ask us in writing before we sign the lease.

**How can I find out the results of this sale?**

We post the sale results in the Montana State Office Public Room and the Internet at: <http://www.mt.blm.gov/oilgas>. You can buy a \$5/\$10 printed copy of the results list from the Public Records and Information Center.

**How do I file a noncompetitive offer after the sale?**

Lands that do not receive a bid and are not subject to a pre-sale offer are available for a two-year period beginning the day after the sale. To file a noncompetitive offer, you must submit:

- three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$75 non-refundable administrative fee; and
- first year's advance rental (\$1.50 per acre or fraction thereof)

Place offers filed on the day of the sale and the first business day after the sale in the drop box in the Public Records and Information Center. We consider those offers simultaneously filed. When a parcel receives more than one filing by 4 p.m. on the day after the sale, we will hold a drawing to determine the winner. Offers filed after this time period, receive priority according to the date and time of filing in this office.

**How do I file a noncompetitive pre-sale offer?**

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive pre-sale offer for lands that:

- are available; and
- have not been under lease during the previous one-year period; or
- have not been in a competitive lease sale within the previous two-year period.

Once we post a competitive sale notice, you cannot file a pre-sale offer for lands shown on the notice.

To file a pre-sale offer, you must submit:

- three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$75 non-refundable administrative fee; and
- first year's advance rental (\$1.50 per acre or fraction thereof)

If we don't receive a bid at the sale for the parcel(s) contained in your pre-sale offer, we will issue the lease. You can withdraw your offer prior to the date we sign your lease. Your pre-sale offer is your consent to the terms and conditions of the lease, including any additional stipulations advertised in the Competitive Sale Notice.

**Where can I obtain information pertaining to the individual Forest Service Stipulations?**

The applicable Forest Service Environmental Impact Studies (EIS) describe stipulations for parcels located within the administrative boundary of the Forest Service units. The Geographic Information System (GIS) maps of the stipulations may be viewed at the following Forest Service offices:

- The individual District Ranger's Office identified in the stipulation listing included with this sale notice,  
or
- The individual Forest Supervisor's Office identified in the stipulation listing included with this sale notice,  
or
- Forest Service, Region One Office, 200 East Broadway, Missoula, Montana

**How do I nominate lands for future sales?**

- file a letter with this office describing the lands you want put up for sale;
- file a pre-sale offer

**Who should I contact if I have a question?**

For more information, contact Trish Cook at (406) 896-5110 or by FAX at (406) 896-5292.

**When is the next competitive oil and gas lease sale scheduled in Montana?**

We are tentatively holding our next competitive sale on March 26, 2002.

Karen L. Johnson, Chief  
Fluids Adjudication Section

**OFFICIAL POSTING DATE MUST BE ON OR BEFORE DECEMBER 13, 2001**

The official posting date will be noted on the copy posted in the Information Access Center of the Bureau of Land Management, Billings, Montana.

**PUBLIC NOTICE**

Any noncompetitive offers received for lands that are listed on the Notice from the time the list is officially posted in the Montana State Office Public Room until the first business day following the completion of the sale will be rejected as unavailable for filing as per 43 CFR 3110.1(a)(ii).

THE FOLLOWING NOTICE WILL BE ATTACHED TO ALL ISSUED LEASES

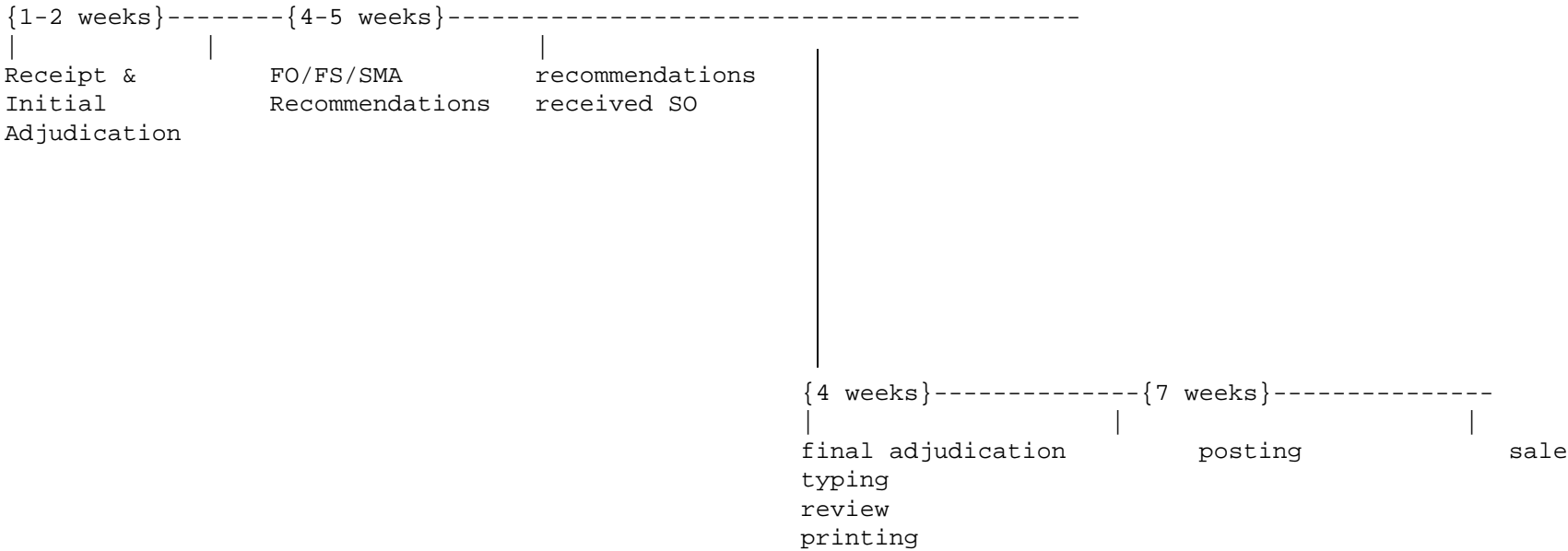
**NOTICE TO LESSEE**

**Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.**

**In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).**

**Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.**

**TIMELINE TO PROCESS EXPRESSIONS OF INTEREST (EOI)  
OR PRESALE OFFERS**



**Total time required to process EOI/Offer  
4-5 months {16-18 weeks}**

SMA-Surface Management Agency  
ie: Forest Service, Bureau of Reclamation  
FO-BLM Field Office FS-BLM Field Office  
SO-Montana State Office

**ALL LANDS ARE LISTED IN TOWNSHIP AND RANGE ORDER**

**MONTANA**

**01-02-1** PD  
T. 8 N, R. 35 E, PMM, MT  
sec. 22 E2;  
24 ALL;  
26 ALL;  
Treasure 1600.00 AC  
Stipulations: CSU-1; Lease Notice,  
NSO-1

**01-02-2** PD  
T. 9 N, R. 35 E, PMM, MT  
sec. 24 N2;  
Rosebud 320.00 AC  
Stipulation: Timing-1

**01-02-3** PD  
T. 8 N, R. 36 E, PMM, MT  
sec. 14 NE,NENW,SWSW,E2SE;  
18 LOTS 1,2,3,4;  
18 E2W2;  
22 W2;  
28 E2;  
30 LOTS 1,2,3,4;  
30 E2SW,S2SE;  
Treasure 1568.12 AC  
Stipulation: CSU-1

**01-02-4** PD  
T. 8 N, R. 36 E, PMM, MT  
sec. 26 E2;  
32 LOT 4;  
34 LOTS 1,2;  
34 NE,N2SE;  
Treasure 690.87 AC

**01-02-5** PD  
T. 34 N, R. 46 E, PMM, MT  
sec. 18 LOTS 1,2;  
18 S2NE,E2NW;  
Daniels 234.90 AC  
Stipulation: Timing-2

**01-02-6** PD  
T. 37 N, R. 54 E, PMM, MT  
sec. 4 LOT 5;  
4 SWNE;  
5 LOTS 5,6,7;  
Sheridan 47.28 AC  
Stipulation: IBC

**01-02-7** ACQ  
T. 6 N, R. 59 E, PMM, MT  
sec. 24 SE;  
Fallon 160.00 AC

**01-02-8** PD  
T. 21 N, R. 59 E, PMM, MT  
sec. 14 E2NE,N2SE;  
20 ALL;  
22 NW,N2SE;  
26 NWNE,N2NW,SWNW;  
Richland 1200.00 AC  
Stipulations: CSU-1, CSU-2

**01-02-9** PD  
T. 21 N, R. 59 E, PMM, MT  
sec. 28 ALL;  
30 NENE,E2SE;  
32 ALL;  
34 NW,SE;  
Richland 1720.00 AC  
Stipulations: CSU-1, CSU-2,  
Timing-2

**01-02-10** PD  
T. 22 N, R. 59 E, PMM, MT  
sec. 24 SW;  
Richland 160.00 AC  
Stipulations: CSU-1, CSU-2

**01-02-11** PD  
T. 5 N, R. 60 E, PMM, MT  
sec. 8 SESE;  
10 W2NW,SENW,SW;  
26 NWNW;  
Fallon 360.00 AC  
Stipulation: CSU-1

**01-02-12** PD  
T. 21 N, R. 60 E, PMM, MT  
sec. 6 NESW,S2SW,SE;  
8 NW;  
18 SWNE,SWNW,W2SE;  
20 LOTS 1,2,3,4;  
Richland 732.80 AC  
Stipulations: CSU-1, Timing-2

**01-02-13** PD  
T. 4 N, R. 61 E, PMM, MT  
sec. 4 LOTS 1,2,3,4;  
Fallon 87.84 AC

**01-02-14** PD  
T. 5 S, R. 15 E, PMM, MT  
sec. 13 ALL;  
Stillwater 640.00 AC  
Stipulations: R1-FS-2820-13c,18,  
R1-FS-NSO-1, R1-FS-NSO-2,  
R1-FS-NSO-3

**01-02-15** PD  
T. 2 S, R. 16 E, PMM, MT  
sec. 13 NWNW;  
14 E2NE,NWSE;  
Sweet Grass 160.00 AC  
Stipulation: NSO-1

**01-02-16** PD  
T. 1 S, R. 17 E, PMM, MT  
sec. 30 LOT 2;  
31 LOT 1;  
Sweet Grass 68.41 AC  
Stipulations: CSU-2, NSO-1

**01-02-17** PD  
T. 9 S, R. 20 E, PMM, MT  
sec. 22 ALL;  
27 ALL;  
28 ALL;  
Carbon 1920.00 AC  
Stipulations: R1-FS-2820-13c,18,  
R1-FS-NSO-2, R1-FS-NSO-3,  
R1-FS-NSO-4, R1-FS-Timing-1

**01-02-18** PD  
T. 8 S, R. 58 E, PMM, MT  
sec. 6 THE AREA LYING IN  
CLOSED RESVR R/W  
MTBIL 020230 WHICH IS  
EXCLUDED FROM OIL AND  
GAS LEASE MTM 17445;  
Carter 56.30 AC  
Stipulation: CSU-2

# **NORTH DAKOTA**

**01-02-19** PD  
T. 138 N, R. 67 W, 5<sup>TH</sup> PM, ND  
sec. 8 NENW;  
Stutsman 40.00 AC  
Stipulations: NSO-2, Standard,  
Timing-3

**01-02-20** ACQ  
T. 139 N, R. 67 W, 5<sup>TH</sup> PM, ND  
sec. 33 SW;  
Stutsman 160.00 AC  
Stipulations: NSO-2, Standard,  
Timing-3

# **50% U.S. MINERAL INTEREST**

This parcel has a fractional  
interest. Rental is payable on  
total acres; royalty is payable on  
fractional interest.

**01-02-21** ACQ  
T. 138 N, R. 68 W, 5<sup>TH</sup> PM, ND  
sec. 1 SE;  
11 N2;  
12 W2E2,SENW,SW;  
14 SW;

Stutsman 1000.00 AC  
Stipulations: NSO-2, Standard,  
Timing-3

# **50% U.S. MINERAL INTEREST**

This parcel has a fractional  
interest. Rental is payable on  
total acres; royalty is payable on  
fractional interest.



**01-02-22** PD  
T. 138 N, R. 68 W, 5<sup>TH</sup> PM, ND  
sec. 10 SWSE;  
Stutsman 40.00 AC  
Stipulations: NSO-2, Standard,  
Timing-3

**01-02-23** ACQ  
T. 139 N, R. 68 W, 5<sup>TH</sup> PM, ND  
sec. 22 SE;  
Stutsman 160.00 AC  
Stipulations: NSO-2, Standard,  
Timing-3

**50% U.S. MINERAL INTEREST**

This parcel has a fractional  
interest. Rental is payable on  
total acres; royalty is payable on  
fractional interest.

**01-02-24** ACQ  
T. 155 N, R. 93 W, 5<sup>TH</sup> PM, ND  
sec. 10 NW;  
Mountrail 160.00 AC  
Stipulation: Standard  
**50% U.S. MINERAL INTEREST**

This parcel has a fractional  
interest. Rental is payable on  
total acres; royalty is payable on  
fractional interest.

**01-02-25** PD  
T. 147 N, R. 104 W, 5<sup>TH</sup> PM, ND  
sec. 18 LOTS 1,2,3,4;  
18 E2,E2W2;  
McKenzie 631.49 AC  
Stipulations: R1-FS-2820-13c,18,  
R1-FS-NSO-5, R1-FS-NSO-6

**01-02-26** PD  
T. 147 N, R. 104 W, 5<sup>TH</sup> PM, ND  
sec. 20 ALL;  
McKenzie 640.00 AC  
Stipulations: R1-FS-2820-13c,18,  
R1-FS-NSO-5, R1-FS-NSO-6

**STATISTICS**

Total Parcels: 26  
Total Acreage: 14,558.01  
Total Number of Parcels  
with Presale Offers: 0  
Number of Presale  
Offers Filed: 0

**UNITED STATES DEPARTMENT OF THE INTERIOR**  
**Bureau of Land Management**  
**P. O. Box 36800**  
**Billings, Montana 59107**

**OIL AND GAS LEASE STIPULATIONS**

**ESTHETICS**--To maintain esthetic values, all surface-disturbing activities, semipermanent and permanent facilities may require special design including location, painting and camouflage to blend with the natural surroundings and meet the intent of the visual quality objectives of the Federal Surface Managing Agency (SMA).

**EROSION CONTROL**--Surface-disturbing activities may be prohibited during muddy and/or wet soil periods.

**CONTROLLED OR LIMITED SURFACE USE STIPULATION** --This stipulation may be modified, consistent with land use documents, when specifically approved in writing by the Bureau of Land Management (BLM) with concurrence of the SMA. Distances and/or time periods may be made less restrictive depending on the actual onground conditions. The prospective lessee should contact the SMA for more specific locations and information regarding the restrictive nature of this stipulation.

The lessee/operator is given notice that the lands within this lease may include special areas and that such areas may contain special values, may be needed for special purposes, or may require special attention to prevent damage to surface and/or other resources. Possible special areas are identified below. Any surface use or occupancy within such special areas will be strictly controlled, or **if absolutely necessary**, excluded. Use or occupancy will be restricted only when the BLM and/or the SMA demonstrates the restriction necessary for the protection of such special areas and existing or planned uses. Appropriate modifications to imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

After the SMA has been advised of specific proposed surface use or occupancy on the leased lands, and on request of the lessee/operator, the Agency will furnish further data on any special areas which may include:

100 feet from the edge of the rights-of-way from highways, designated county roads and appropriate federally-owned or controlled roads and recreation trails.

500 feet, or when necessary, within the 25-year flood plain from reservoirs, lakes, and ponds and intermittent, ephemeral or small perennial streams; 1,000 feet, or when necessary, within the 100-year flood plain from larger perennial streams, rivers, and domestic water supplies.

500 feet from grouse strutting grounds. Special care to avoid nesting areas associated with strutting grounds will be necessary during the period from March 1, to June 30. One-fourth mile from identified essential habitat of state and federal sensitive species. Crucial wildlife winter ranges during the period from December 1 to May 15, and in elk calving areas during the period from May 1 to June 30.

300 feet from occupied buildings, developed recreational areas, undeveloped recreational areas receiving concentrated public use and sites eligible for or designated as National Register sites.

Seasonal road closures, roads for special uses, specified roads during heavy traffic periods and on areas having restrictive off-road vehicle designations.

On slopes over 30 percent or 20 percent on extremely erodable or slumping soils.

Standard(May 2001)

**See Notice on Back**

## NOTICE

**APPLICATIONS FOR PERMIT TO DRILL (APDs)**--The appropriate BLM field offices are responsible for the receipt, processing, and approval of APDs. The APDs are to be submitted by oil and gas operators pursuant to the requirements found in Onshore Oil and Gas Order No. 1 -- Approval of Operations on Onshore Federal and Indian Oil and Gas Leases (Circular No. 2538). Additional requirements for the conduct of oil and gas operations can be found in the Code of Federal Regulations Title 43, Part 3160. Copies of Onshore Oil and Gas Order No. 1, and pertinent regulations, can be obtained from the BLM field offices in which the operations are proposed. Early coordination with these offices on proposals is encouraged.

**CULTURAL AND PALEONTOLOGICAL RESOURCES**--The SMA is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the SMA, shall:

1. Contact the appropriate SMA to determine if a site-specific cultural resource inventory is required. If an inventory is required, then:
2. Engage the services of a cultural resource specialist acceptable to the SMA to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the SMA for review and approval no later than that time when an otherwise complete application for approval of drilling or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the SMA. Mitigation may include the relocation of proposed lease-related activities or other protective measures such as testing salvage and recordation. Where impacts to cultural resources cannot be mitigated to the satisfaction of the SMA, surface occupancy on that area must be prohibited.

The operator shall immediately bring to the attention of the SMA any cultural or paleontological resources discovered as a result of approved operations under this lease, and not disturb such discoveries until directed to proceed by the SMA.

**ENDANGERED OR THREATENED SPECIES**--The SMA is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species, listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the authorized officer of the SMA that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resources specialist approved by the SMA. An acceptable report must be provided to the SMA identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

## CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

All surface-disturbing activities, semi-permanent and permanent facilities in VRM Class II, areas may require special design, including location, painting, and camouflage, to blend with the natural surroundings and meet the visual quality objectives for the area.

On the lands described below:

For the purpose of:

To control the visual impacts of activities and facilities within acceptable levels.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-1	T 8 N, R 35 E, PMM Sec. 26: All
01-02-3	T 8 N, R 36 E, PMM Sec. 28: E2 30: Lots 1,2,3,4 30: E2SW,S2SE
01-02-8	T 21 N, R 59 E, PMM Sec. 20: All 22: NW,N2SE
01-02-9	T 21 N, R 59 E, PMM Sec. 28: All 30: NENE,E2SE 32: All
01-02-10	T 22 N, R 59 E, PMM Sec. 24: SW
01-02-11	T 5 N, R 60 E, PMM Sec. 10: W2NW,SENW,SW
01-02-12	T 21 N, R 60 E, PMM Sec. 6: NESW,S2SW,SE 8: NW 18: SWNE,SWNW,NWSE

## CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Prior to surface disturbance on slopes over 30 percent, an engineering/reclamation plan must be approved by the authorized officer. Such plan must demonstrate how the following will be accomplished:

- Site productivity will be restored.
- Surface runoff will be adequately controlled.
- Off-site areas will be protected from accelerated erosion, such as rilling, gullying, piping, and mass wasting.
- Water quality and quantity will be in conformance with state and federal water quality laws.
- Surface-disturbing activities will not be conducted during extended wet periods.
- Construction will not be allowed when soils are frozen.

On the lands described below:

For the purpose of:

To maintain soil productivity, provide necessary protection to prevent excessive soil erosion on steep slopes, and to avoid areas subject to slope failure, mass wasting, piping, or having excessive reclamation problems.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-8	T 21 N, R 59 E, PMM Sec. 20: All 22: W2NW
01-02-9	T 21 N, R 59 E, PMM Sec. 28: All 34: NW,SE
01-02-10	T 22 N, R 59 E, PMM Sec. 24: SW
01-02-16	T 1 S, R 17 E, PMM Sec. 30: Lot 2 31: Lot 1
01-02-18	T 8 S, R 58 E, PMM Sec. 6: The area lying in closed reservoir R/W MTBIL 020230 which is excluded from oil and gas lease MTM 17445

SPECIAL STIPULATION  
INTERNATIONAL BOUNDARY COMMISSION

United States - Canada International Boundary

Exploration and production operations within the International Boundary Reservation, which is a 60-foot strip along the United States - Canada border, are subject to the following provisions:

- (a) The international boundary markers shall not be disturbed;
- (b) The boundary vistas shall not be obstructed permanently, or for any lesser period of time not previously approved in writing by the International Boundary Commission, within a width of three (3) meters of the boundary line; and
- (c) The International Boundary Commission at all times will be left free to discharge its responsibilities under the Convention of 1908, the Treaty of 1925, and any other applicable legal authority without added expense and without undue interference or delay.

<u>Parcel No.</u>	<u>Description</u>
01-02-6	T 37 N, R 54 E, PMM Sec. 4: Lot 5 4: SWNE 5: Lots 5,6,7

IBC

## LEASE NOTICE

The Surface Management Agency is responsible for assuring that the lease lands are examined to determine if cultural resources are present and to specify mitigation measures. Guidance for application of this requirement can be found in NTL-MSO-85-1.

This notice would be consistent with the present Montana guidance for cultural resource protection related to oil and gas operations.

<u>Parcel No.</u>	<u>Description</u>
01-02-1	T 8 N, R 35 E, PMM Sec. 26: SW

Lease Notice

## NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within sites or areas designated for conservation use, public use, or sociocultural use.

On the lands described below:

For the purpose of:

To protect those cultural properties identified for conservation use, public use, and sociocultural use. (see definitions for use categories within BLM Manual 3111).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-1	T 8 N, R 35 E, PMM Sec. 26: SW
01-02-15	T 2 S, R 16 E, PMM Sec. 13: NWNW 14: E2NE,NWSE
01-02-16	T 1 S, R 17 E, PMM Sec. 30: Lot 2 31: Lot 1



## NO SURFACE OCCUPANCY STIPULATION

No surface occupancy (NSO) or use would be allowed within 200 feet of wetlands, lakes, and ponds on the lands described below (legal subdivision or other description).

For the purpose of:

Protection of wetlands (NDRMP - p. 20).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-19	T 138 N, R. 67 W., 5 <sup>th</sup> PM Sec. 8: NENW
01-02-20	T 139 N, R 67 W, 5 <sup>th</sup> PM Sec. 33: SW
01-02-21	T 138 N, R 68 W, 5 <sup>th</sup> PM Sec. 1: SESE, W2SE 11: N2 12: W2NE, SWSE, SW 14: SWSW
01-02-22	T 138 N, R 68 W, 5 <sup>th</sup> PM Sec. 10: SWSE
01-02-23	T 139 N, R 68 W, 5 <sup>th</sup> PM Sec. 22: SE

NSO-2

### **TIMING LIMITATION STIPULATION**

Surface use is prohibited from December 1 to March 31 within crucial winter range for wildlife. This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

For the purpose of (reasons):

To protect crucial white-tailed deer, mule deer, elk, antelope, moose, bighorn sheep, and sage grouse winter range from disturbance during the winter use season, and to facilitate long-term maintenance of wildlife populations.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-2	T 9 N, R 35 E, PMM Sec. 24: N2

TIMING-1

### **TIMING LIMITATION STIPULATION**

Surface use is prohibited from March 1 to June 15 in grouse nesting habitat within 2 miles of a lek. This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

For the purpose of (reasons):

To protect sharptail and sage grouse nesting habitat from disturbance during spring and early summer in order to maximize annual production of young and to protect nesting activities adjacent to nesting sites for the long-term maintenance of grouse populations in the area.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-5	T 34 N, R 46 E, PMM Sec. 18: Lots 1,2 18: S2NE,E2NW
01-02-9	T 21 N, R 59 E, PMM Sec. 30: E2SE 32: All
01-02-12	T 21 N, R 60 E, PMM Sec. 6: NESW,S2SW,SE 8: NW 18: SWNE,SWNW,NWSE

### **TIMING LIMITATION STIPULATION**

Surface occupancy or use would be subject to the following special operating constraint: No seismic exploration would be allowed within 500 feet of waterfowl nesting habitat during the following time period(s); between March 1 and July 1. This stipulation does not apply to operation and maintenance of production facilities.

On the lands described below:

For the purpose of (reasons):

Protection of nesting waterfowl (NDRMP - p. 20).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-19	T 138 N, R 67 W, 5 <sup>th</sup> PM Sec. 8: NENW
01-02-20	T 139 N, R 67 W, 5 <sup>th</sup> PM Sec. 33: SW
01-02-21	T 138 N, R 68 W, 5 <sup>TH</sup> PM Sec. 1: SESE,W2SE 11: N2 12: W2NE,SWSE,SW 14: SWSW
01-02-22	T 138 N, R 68 W, 5 <sup>th</sup> PM Sec. 10: SWSE
01-02-23	T 139 N, R 68 W, 5 <sup>TH</sup> PM Sec. 22: SE

TIMING-3

**NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM  
UNDER JURISDICTION OF  
DEPARTMENT OF AGRICULTURE**

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this STIPULATION are to be addressed to:

Forest Supervisor, Custer National Forest  
1310 Main Street  
Billings, MT 59105

who is the authorized representative of the Secretary of Agriculture.

**CULTURAL AND PALEONTOLOGICAL RESOURCES** - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site-specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface-disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and the BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and the BLM any cultural or paleontological resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by the FS and the BLM.

**FLOODPLAIN AND WETLANDS** - The lessee is hereby notified that this lease may contain land within a riparian ecosystem (Management Area M, Custer Forest Plan, page 80). All activities within this area may be highly restricted in order to comply with Executive Order 11988 - *Floodplain Management* and Executive Order 11990 - *Protection of Wetlands*, in order to preserve and restore or enhance the natural and beneficial values served by floodplains and wetlands.

Management Area M, the riparian ecosystem, will be managed by the Forest Service to protect from conflicting uses in order to provide healthy, self-perpetuating plant and water communities that will have optimum diversity and density of understory and overstory vegetation. Occupancy and use of lands within Management Area M proposed in a Surface Use Plan of Operations will be considered in an environmental analysis done to identify the mitigation measures necessary to protect the riparian area. Special measures such as road design, well pad size and location or directional drilling, may be made part of the permit authorizing the activity.

**NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM  
UNDER JURISDICTION OF  
DEPARTMENT OF AGRICULTURE**

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this STIPULATION are to be addressed to:

District Ranger, McKenzie Ranger District  
Dakota Prairie Grasslands  
HC02 Box 8  
Watford City, ND 588541

who is the authorized representative of the Secretary of Agriculture.

**CULTURAL AND PALEONTOLOGICAL RESOURCES** - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site-specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface-disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and the BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and the BLM any cultural or paleontological resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by the FS and the BLM.

**FLOODPLAIN AND WETLANDS** - The lessee is hereby notified that this lease may contain land within a riparian ecosystem (Management Area M, Custer Forest Plan, page 80). All activities within this area may be highly restricted in order to comply with Executive Order 11988 - *Floodplain Management* and Executive Order 11990 - *Protection of Wetlands*, in order to preserve and restore or enhance the natural and beneficial values served by floodplains and wetlands.

Management Area M, the riparian ecosystem, will be managed by the Forest Service to protect from conflicting uses in order to provide healthy, self-perpetuating plant and water communities that will have optimum diversity and density of understory and overstory vegetation. Occupancy and use of lands within Management Area M proposed in a Surface Use Plan of Operations will be considered in an environmental analysis done to identify the mitigation measures necessary to protect the riparian area. Special measures such as road design, well pad size and location or directional drilling, may be made part of the permit authorizing the activity.

**USDA-FOREST SERVICE**  
**THREATENED, ENDANGERED, AND SENSITIVE**  
**PLANT OR ANIMAL SPECIES LEASE NOTICE**

The lease area may contain threatened and endangered species or habitat necessary for the continued existence of threatened, proposed and endangered species which are protected by the 1973 Endangered Species Act, as amended (50 CFR 402). The lease area may also contain habitat or species, listed as sensitive, which may require protective measures to prevent them from being listed as threatened or endangered or result in a loss of viability or biological diversity (36 CFR 219.19 or 219.26). A biological evaluation of the leased lands may be required prior to surface-disturbance to determine if threatened, endangered, or sensitive plant or animal species or their habitat are present and to identify needed mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator shall:

1. Contact the Forest Service to determine if a biological evaluation is required (FSM 2670.31-32). The Forest Service is responsible for ensuring that the leased land is examined through a biological evaluation, prior to undertaking any surface-disturbing activities, to determine effects upon any plant or animal species listed or proposed for listing as threatened, endangered, or sensitive.
2. The lessee or operator may choose to conduct the evaluation on the leased lands at their discretion and cost. This biological evaluation must be done by or under the supervision of a qualified biologist/botanist approved by the Forest Service. An acceptable report must be provided to the Forest Service identifying the anticipated effects of a proposed action on threatened, endangered, or sensitive species. An acceptable biological evaluation is to be submitted to the Forest Service for review and approval no later than that time when an otherwise complete application for approval of drilling or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the Forest Service. Mitigation may include the relocation of proposed lease-related activities or other protective measures. The findings of the biological evaluation may result in some restrictions to the operator's plans or even disallow use and occupancy to comply with the 1973 Endangered Species Act (as amended), threatened and endangered regulations and Forest Service regulations.

If threatened, endangered, or sensitive plant or animal species are discovered in the area after any required biological evaluation has concluded, an evaluation will be conducted to assess the effect of ongoing and proposed activities. Based on the conclusion drawn in the evaluation, additional restrictions or prohibitions may be imposed to protect the species or their habitats.

## NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description). Roads, powerlines and pipelines, as well as the well pad and any ancillary structures, may not be constructed by the lessee on that portion of the lease covered by this stipulation.

For the purpose of:

To maintain soil productivity, provide necessary protection to high hazard and fragile soils, to prevent reclamation problems (especially alpine environments), avoid slopes over 40 percent, and areas subject to high wind and water erosion, and high hazard or mass failure (Forest Plan p. 46, 47, 51, 55 and 59; Beartooth Mountains Oil and Gas Leasing EIS, Appendix E - p. 10, and Glossary, p. 8 - a definition of NSO/Alternative 4A).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-14	T 5 S, R 15 E, PMM Sec. 13: S2; portions of S2N2



## NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description). Roads, powerlines and pipelines, as well as the well pad and any ancillary structures, may not be constructed by the lessee on that portion of the lease covered by this stipulation.

For the purpose of:

To maintain and protect visual quality in important viewing areas. To prevent large landscape disturbances from road or well pad building on slopes over 40 percent which are highly visible and difficult or nearly impossible to mitigate. (Custer Forest Plan; Beartooth Mountains Oil and Gas Leasing EIS, Appendix E - p. 27, and Glossary, p. 8 - a definition of NSO/Alternative 4A).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-14	T 5 S, R 15 E, PMM Sec. 13: Portions of S2N2,S2
01-02-17	T 9 S, R 20 E, PMM Sec. 22: Portions of All 27: Portions of NWNE,N2NW,SW,SWSE 28: Portions of NE,NENW,N2SE

### NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description). Roads, powerlines and pipelines, as well as the well pad and any ancillary structures, may not be constructed by the lessee on that portion of the lease covered by this stipulation.

For the purpose of:

To protect the unique biological and hydrological features associated with riparian areas, and water bodies and streams. To prevent deterioration of these critical areas and loss of total acreage of riparian habitat that is recognized as one of the most used and diverse habitat in the areas (Custer Forest Plan; Beartooth Mountains Oil and Gas Leasing EIS, Appendix E - p. 25, and Glossary, p. 8 - a definition of NSO/Alternative 4A).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-14	T 5 S, R 15 E, PMM Sec. 13: Portions of W2NE,N2SE,SESE
01-02-17	T 9 S, R 20 E, PMM Sec. 22: Portions of NE,NENW 27: Portions of SWNW,NWSW 28: Portions of NWNW,S2NW,W2SE

## NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description). Roads, powerlines and pipelines, as well as the well pad and any ancillary structures, may not be constructed by the lessee on that portion of the lease covered by this stipulation.

For the purpose of:

To protect elk herds on critical winter/spring range and to facilitate long-term maintenance of the population. Disturbance in these ranges would stress elk during critical periods of limited forage, high metabolism requirements, and those times that cows are carrying developing young. (Custer Forest Plan; Beartooth Mountains Oil and Gas Leasing EIS, Appendix E - p. 17, and Glossary, p. 8 - a definition of NSO/Alternative 4A).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description of Lands</u>
01-02-17	T 9 S, R 20 E, PMM Sec. 22: W2; portions of W2E2 28: N2N2

### NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description).

For the purpose of:

Avoidance of steep slopes exceeding 40 percent to protect fragile soils and avoid mass slope failure (Management Area B, Custer Forest Plan, page 46).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description</u>
01-02-25	T 147 N, R 104 W, 5 <sup>th</sup> PM Sec. 18: Portions of Lot 1,2,4,E2SW,SE
01-02-26	T 147 N, R 104 W, 5 <sup>TH</sup> PM Sec. 20: Portions of NWNE,W2,SE

R1-FS-NSO-5

### NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description).

For the purpose of:

To meet the goals and management standards for woody draws (Management Area N, Custer Forest Plan, pages 83-84, as amended); to provide healthy, self-perpetuating plant communities that will have optimum diversity and density of understory and overstory vegetation.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description</u>
01-02-25	T 147 N, R 104 W, 5 <sup>th</sup> PM Sec. 18: Portions of Lots 2,3,SENE,SESW,SWSE
01-02-26	T 147 N, R 104 W, 5 <sup>th</sup> PM Sec. 20: Portions of NENE,S2NE,SENW,NESW

## **TIMING LIMITATION STIPULATION**

No surface use is allowed during the following period(s). This stipulation does not apply to operation and maintenance of production facilities.

November 30 through June 15 (winter range)

On the lands described below:

For the purpose of (reasons):

To protect the elk herds during the winter/spring season of use and facilitate long-term maintenance of the population. To prevent stress to elk during periods when forage is at a minimum, metabolism rates are high, and cows are carrying developing young. To prevent stress to cows and newborn calves on calving areas. (Custer Forest Plan Amendment 20, Beartooth Mountains Oil and Gas Leasing EIS, Appendix E - p.17)

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>Parcel No.</u>	<u>Description</u>
01-02-17	T 9 S, R 20 E, PMM Sec. 22: Portions of E2 27: N2,SW; portions of SE 28: S2N2,S2; portions of N2N2